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The Blood-Letting Goes on at Business Week Magazine

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Heads have been rolling in the executive suites at McGraw-Hill, Inc., for the last year and a half, and officials of that giant publishing company say the turmoil isn't over yet.

The bloodletting began when Harold W. McGraw Jr., grandson of the cofounder of the company, consolidated his control at the top, and took aim at Business Week, one of the most successful magazines in the country and the mainstay of McGraw-Hill's publications division.

McGraw didn't become chief executive officer until a year ago, but even before that it was clear that he was calling the shots.

Those who have been ousted from or who have left top jobs since Janauary of last year include the president of the publications company; the three other members of that unit's executive committee; a corporate group president; the president of the information systems company, and the former publisher of Business Week.

THE REASONS for their departures vary, ranging from health considerations to outside interests. But in some cases, there have been sudden firings and some officers, we've learned, have simply refused to accept demotions.

The last to go — (in polite corporate parlance, he resigned "to pursue other interests outside the company") — was Charles C. Randolph, who spent 10 years as publisher of Business Week, guiding it to new advertising and circulation records, only to be kicked upstairs last year to the virtually meaningless post of "grouq vice president, Business Week." Ironically, when he left last month — after 29 years with McGraw-Hill — "Jim" Randolph was serving a second term as chairman of the Magazine Publishers Association, a post he continues to hold.

McGraw-Hill added salt to the wound by announcing his departure at the end of a two-page press release explaining the formation of a new executive committee structure for the publications company.

Randolph's leaving came as no great surprise to publishing industry insiders, particularly after his earlier removal as Business Week's publisher. It was known inside the McGraw-Hill empire that McGraw had long been impatient with that magazine's independent ways. Its editorial, promotion and travel and entertainment budgets were considered out of line with those of the company's trade publications, which had to hew to much more tightfisted cost controls.

IN FACT, THE WORD around the gleaming new McGraw-Hill skyscraper in Manhattan's Rockefeller Center was that it was John Emery's unwillingness — or inability — to bring the highly profitable magazine to corporate heel that led to his dismissal as president of the publications company in January 1976.

Once Emery was sacked, his successor, Gordon Jones, squashed Randolph's hopes that Business Week (which for the last two years has carried more advertising pages than any other U. S. magazine) would become a separate corporate division, coequal with the publications company, rather than a part of it.

Jones also read the riot act to Business Week's highly respected editor, Lewis Young, whom Randolph had brought to the post. Jones pointedly told Young, according to one insider, that "it's McGraw-Hill that signs your paycheck, not Business Week."

The big question around the magazine these days is Young's future. Loyal staffers are worried about a possible change at the editorial helm.

THE CHANGES at the top of McGraw-Hill have also touched the ranks of the McGraw family, which controls somewhat more than 20 percent of the company's stock. In May, Donald C. McGraw Jr., 51, another grandson of the cofounder (and cousin of the present chief executive), resigned as group president in charge of the company's Standard & Poor's subsidiary and its international publications. The official word was that the post of group president was being phased out and that he wasn't willing to accept the other jobs offered him.

The only other McGraw on the company's board is Donald's younger brother, John, 46, who is an executive vice president in charge of operating services. The two brothers (who earned identical salaries of $105,000 last year) each own about 2.5 percent of the company's shares; Harold owns about 3 percent.

Interestingly, Harold McGraw presided over a corporate calamity that might have proved the undoing of other executives. He was president of the McGraw-Hill Book Co. during the Clifford Irving-Howard Hughes episode, when the company was embarrassed by the disclosures that the purported autobiography of the reclusive financier was a hoax. But a few years later, in May 1974, Harold was named president of the parent company.

DURING THE LAST two years, under his official or unofficial direction, McGraw-Hill turned in record performances in revenue, net income and earnings per share.

Even some of those fired by McGraw concede that he is a determined, conscientious and extremely hard-working chief executive. They note, however, that 1975 and 1976 were years of recovery from a severe recession, a period when most publications usually enjoy sharp gains.

Now the publishing work world is waiting to see how well Harold McGraw has positioned the company for the future.